



TEXAS DEPARTMENT OF FAMILY AND PROTECTIVE SERVICES

COMMISSIONER
John J. Specia, Jr.

August 11, 2015

Ms. Kara Belew, Budget Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Ms. Ursula Parks, Director
Legislative Budget Board
1501 North Congress Avenue, 5th Floor
Austin, Texas 78701

Mr. Drew DeBerry, Policy Director
Office of the Governor
1100 San Jacinto, 4th Floor
Austin, Texas 78701

Dear Ms. Belew, Mr. DeBerry, and Ms. Parks:

Enclosed is the agency's FY 2015 Monthly Financial Report as of June 2015. The following is a narrative summary of budget adjustments during the month, budget variances, significant changes from appropriated funding, capital budget issues, and other key budget issues at this time.

BUDGET ADJUSTMENTS

The following adjustments were made to the appropriated budget in the month of June. In total, the operating budget was increased by \$10,732,547.

- Article IX, Section 8.02 - Federal Funds/Block Grants (Net Increase of \$460,903):
 - ❖ Block Grants/Capped Titles (Net Increase of \$333,344):
 - Strategy - E.1.1 Child Care Regulation was increased by \$333,344 to reflect new Child Care and Development Fund contract amount
 - ❖ Entitlement Federal Funds (Net Increase of \$127,569):
 - Strategy - F.1.5 Agency-Wide Automated Systems was increased by \$127,569
- Article IX, Section 14.01 – Appropriation Transfers (Transfer of \$3,637,090):

To cover projected shortfalls in Strategy – B.1.6 Adoption Purchased Services, and Strategy – B.1.13 Relative Caregiver Payments, the following General Revenue appropriation transfers were completed.

- Strategy - A.1.1 Statewide Intake Services was decreased by \$200,000
- Strategy - B.1.6 Adoption Purchased Services was increased by \$2,293,012
- Strategy - B.1.13 Relative Caregiver Payments was increased by \$1,344,078

- Strategy - C.1.1 STAR Program was decreased by \$1,000,000
 - Strategy - C.1.5 Other At-Risk Prevention was decreased by \$200,000
 - Strategy - E.1.1 Child Care Regulation was decreased by \$1,290,574
 - Strategy - F.1.1 Central Administration was decreased by \$253,504
 - Strategy - F.1.4 IT Program Support was decreased by \$693,012
- 84th Legislature, House Bill 2 – Appropriation Changes (Net Increase of \$10,271,644):
 - Strategy – B.1.11 Foster Care Payments was increased by \$10,271,644, consisting of \$33,400,000 reduction in General Revenue and \$43,671,644 increase in TANF Federal Funds

In addition to overall appropriation increase, authorities granted in House Bill 2 allowed the agency to transfer appropriations out of Strategy B.1.1 CPS Direct Delivery Staff and Strategy D.1.1 APS Direct Delivery Staff, normally restricted by Rider 15 in Article II. The following General Revenue appropriation transfers were completed to cover shortfalls in various strategies.

- Strategy – B.1.1 CPS Direct Delivery Staff was decreased by \$15,520,662
- Strategy – B.1.2 CPS Program Support was increased by \$931,781
- Strategy – B.1.3 TWC Foster Day Care was increased by \$181,846
- Strategy – B.1.3 TWC Protective Day Care was increased by \$2,702,586
- Strategy – B.1.9 Substance Abuse Purchased Services was increased by \$2,851,876
- Strategy – B.1.10 Other CPS Purchased Services was increased by \$422,000
- Strategy – B.1.11 Foster Care Payments was increased by \$8,728,041
- Strategy – B.1.13 Relative Caregiver Payments was increased by \$524,849
- Strategy – D.1.1 APS Direct Delivery Staff was decreased by \$1,000,000
- Strategy – D.1.3 MH and ID Investigations was increased by \$177,683

BUDGET VARIANCES

This report reflects a net agency surplus of \$11 million consisting of a \$7.4 million surplus in General Revenue and \$3.4 million surplus in Federal Funds and \$0.2 million surplus in Other Funds. Significant budget variances are identified below.

- Strategy B.1.1 - CPS Direct Delivery Staff has a projected surplus of \$5.2 million consisting of a \$5.1 million surplus in General Revenue and \$0.1 million surplus in Other Funds. This surplus is primarily salary funds because of vacant appropriated FTEs. The agency projects to see modest growth in hiring in July and August.
- Strategy B.1.2 – CPS Program Support has a projected surplus of \$3.2 million consisting of a \$0.2 million surplus in General Revenue and \$2.9 million surplus in Federal Funds. Most of the Federal Funds surplus is due to unspent Refugee Assistance grant which agency projects to lapse, and Child Abuse and Neglect State grant which will be carried forwarded to the next appropriation year.
- Strategy B.1.7 - Post Adoption Purchased Services has a projected surplus of \$0.5 million in General Revenue. This is primarily due to federal earmarking requirements related to state savings resulting from the federal de-linking of Title IV-E eligibility requirements. The Federal Government has delineated how states are to utilize 30% of the General Revenue savings.
- Strategy D.1.1 - APS Direct Delivery Staff has a projected surplus of \$1.1 million in General Revenue. This surplus is primarily salary funds because of vacant appropriated FTEs. DFPS plans to request approval to utilize these excess funds for anticipated shortfalls in other strategies.

- Strategy F.1.5 – Agency - Wide Automated Systems has a projected surplus of \$1.2 million surplus in General Revenue. There are additional projects pending but the agency is projecting a lapse in capital funding.

The following General Revenue variances are projected based on the HHSC May 2015 caseload and expenditure forecast:

- Strategy B.1.4 TWC Relative Day Care has a projected surplus of \$0.1 million.
- Strategy B.1.5 TWC Protective Day Care has a projected shortfall of \$0.4 million.
- Strategy B.1.11 Foster Care Payments has a projected shortfall of \$0.6 million.
- Strategy B.1.12 Adoption Subsidy/PCA Payments has a projected shortfall of \$0.9 million.
- Strategy B.1.13 Relative Caregiver Monetary Assistance Payments Care has a projected shortfall of \$0.2 million.

SIGNIFICANT CHANGES FROM PREVIOUS REPORT

- House Bill 2 was incorporated into the agency budget this month, with a net \$10.2 million in additional appropriation to the agency.
- The agency was granted additional authority to transfer surpluses from restricted strategies to cover shortfalls in other strategies, greatly alleviating various strategies in Goal - B. Child Protective Services which had previously projected shortfalls.

OTHER KEY BUDGET ISSUES

The agency is seeking additional authority to transfer projected surpluses from restricted funding sources for AY2014 and AY2015.

CAPITAL BUDGET ISSUES

The agency has carried forward \$2.2 million in unobligated capital budget balances from FY 2014 to FY 2015 to fund the smart-phone refresh capital project.

STATUS OF PENDING TRANSFERS AND AUTHORITY REQUIRING PRIOR APPROVAL

Letter Topic Appropriation Year 2014	HHSC/DFPS Letter Date	Approval/Response Received by July 31, 2015	
		LBB	Governor
Request for Budget Authority to Address Critical Need in Protective Day Care in Fiscal Year 2014	July 6, 2015	N	N

Letter Topic Appropriation Year 2015	HHSC/DFPS Letter Date	Approval/Response Received by July 31, 2015	
		LBB	Governor
Request Use for Budget Authority to Address Critical Need in Foster Care in Fiscal Year 2015	July 6, 2015	N	N

Please contact Beth Cody, Budget Director, at 438-3351 if you have any questions or require additional information.

Sincerely,



Tracy Henderson
Chief Financial Officer

cc: Garnet Coleman, State Representative
Meghan Weller, Governor's Office
Jessica Olson, Lieutenant Governor's Office
Heather Fleming, Speaker's Office
Shannon Ghangurde, Senate Finance Committee
Stacey Gilliam, Senate Finance Committee
Hunter Thompson, House Appropriations Committee
Kyler Arnold, House Appropriations Committee
Melitta Berger, Legislative Budget Board
Shaniqua Johnson, Legislative Budget Board